

Message Text

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ACTION AGR-08

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 EB-07 COME-00

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FM AMEMBASSY CANBERRA

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INFO AMEMBASSY LONDON

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STATE PASS AGRICULTURE FOR MEEKER AND NOVOTNY

EO 11652: NA

TAGS: EAGR, ETRD, AS

SUBJ: AUSTRALIA NEGOTIATES NEW WHEAT CONTRACT WITH PRC

REF: CANBERRA 0263 (NOTAL)

1. AWB MISSION TO PEKING RETURNED THIS WEEK AFTER PERIOD OF STRENUOUS NEGOTIATIONS ON NEW WHEAT CONTRACT UNDER LONG TERM AUSTRALIA/PRC AGREEMENT. GOA SPOKESMAN INDICATED PRC OFFICIALS TOOK HARD LINE IN VIEW HIGHER THAN EXPECTED SOUTHERN HEMISPHERE WHEAT CROPS AND OFFERED AWB TEAM ABSOLUTE BARGAIN PRICE FOR 1.5 TO 1.8 MILLION TON CONTRACT STIPULATED UNDER AGREEMENT. AWB SUSPECTS THIS WAS PLOY TO AVOID HAVING TO TAKE UP AGREED QUANTITY. FINAL PRC OFFER HAD TO BE REFERRED TO FULL BOARD MEETING IN MELBOURNE ON JANUARY 22, AND WAS REJECTED. PARTIES FINALLY AGREED ON CONTRACT FOR 700,000 TONS ASW WITH AWB OPTION TO INCLUDE SMALL QUANTITIES PRIME HARD, HARD AND OFF-GRADE WHEAT FOR SHIPMENT DURING MARCH/NOV 1976 ON USUAL 12 MONTH TERMS. THIS IS FINAL YEAR OF LONG TERM AGREEMENT FOR A TOTAL OF 4.1 MILLION TONS MINIMUM, AND LATEST CON-

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TRACT BRINGS VOLUME SOLD TO 3.3 MILLION TONS. IT REMAINS

TO BE SEEN WHETHER PRC WILL TAKE UP REMAINING 800,000 TONS
LATER THIS YEAR. THIS WILL DEPEND ON PRC CROP AND MARKET
OUTLOOK AT THAT TIME.

2. AWB ALSO SOLD 600,000 METRIC TONS OF ASW TO INDIA THIS
WEEK FOR CASH AND SHIPMENT DURING APRIL/NOVEMBER 1976,
BRINGING TOTAL INDIAN PURCHASES OF AUSTRALIAN WHEAT THIS
YEAR TO 800,000 TONS.

3. WITH THESE TWO SALES AND EXISTING CONTRACTS WITH EGYPT,
USSR, AND OTHERS ABOUT 6 MILLION TONS HAS FINALLY FIRMLY
COMMITTED, WHILE TRADITIONAL MARKETS WILL PROBABLY TAKE
ABOUT 2 MILLION TONS. ON THIS BASIS IT APPEARS THAT AWB
STILL HAS 1 MILLION TONS TO BE SOLD FROM 9 MILLION EXPORT-
ABLE SURPLUS FOR 1976.

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